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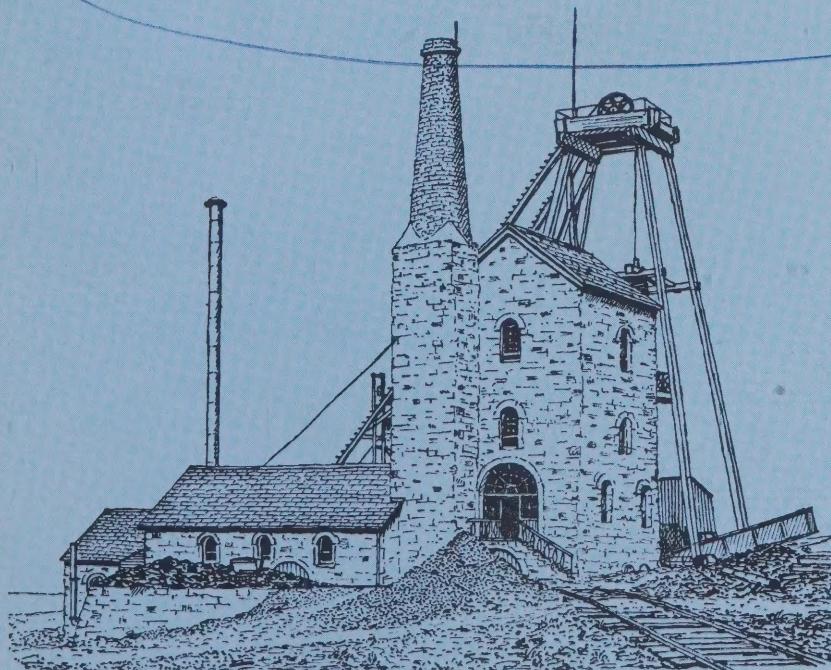


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PRADO EXPLORATIONS LIMITED

**ANNUAL
REPORT
1968**



PRADO EXLORATIONS LIMITED

DIRECTORS

D. ANNELL - - - - - Toronto, Ontario
Director of Annett Partners, Ltd.

B. ATTENBOROUGH - - - - - Toronto, Ontario
Director of Annett Partners, Ltd.

STEPHEN KAY - - - - - Toronto, Ontario
Professional Engineer

REAL ROUSSEAU - - - - - Windmill Point, Quebec
Mayor of Windmill Point

W. L. S. TRIVETT - - - - - Toronto, Ontario
Partner of Bouck, Hetherington, Fallis, Trivett and Park,
Barristers and Solicitors

OFFICERS

STEPHEN KAY, President

B. ATTENBOROUGH, Vice-President

J. M. MAGUIRE, Secretary-Treasurer

HEAD OFFICE

TORONTO CANADA
Suite 1601 - 8 King St. E.

FIELD OFFICES

CORNWALL ENGLAND
Glenvern Bissoe, Truro

YUKON TERRITORY
Box 1052, Whitehorse

TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

SOLICITORS

BOUCK, HETHERINGTON, FALLIS,
TRIVETT and PARK
Toronto, Ontario

AUDITORS

MCDONALD CURRIE & CO.
Toronto, Ontario

ANNUAL MEETING

Friday, February 28, 1969, 10:00 a.m.
Newfoundland Room, Royal York Hotel
Toronto, Ontario



PRADO EXPLORATIONS LIMITED

PRESIDENT'S LETTER

To the Shareholders
Prado Explorations Limited

I am happy to report considerable progress has been made toward achieving a number of your company's ambitions. When your company was formed its objective was to engage in the worldwide mining exploration boom and this has been done with vigour and we think considerable success.

Progress in two areas has reached the stage where joint ventures appear to be the most feasible means of developing profitable mining operations and at the same time allow your company to continue to follow its basic objective of being primarily an exploration company.

The tin property in Cornwall has reached the point where large sums of money are required to carry it to the phase where a production decision can be made. Commercial tin values have been encountered in 30 diamond drill holes and a viable mining operation that may require a capital expenditure of as much as \$5,000,000 is indicated.

Rather than put your company in the position where it would have to devote its entire efforts to this one project at the expense of a number of other very promising exploration situations, we propose to combine our interest with others in an American company that will have the strong financial sponsorship necessary to complete the task. Your company will retain the major position in the control of the new company without the financial liability involved in carrying this complex job through to a successful conclusion. We respectfully request your endorsement of this disposition of our Participation Interest.

For some time your company has had an active interest in the mineral potential of Saudi Arabia—exclusive of oil. The preliminary work completed by your company has outlined a number of potential mineral areas. Because of the extent of the programme that would be required to do a satisfactory job, your directors decided that a partnership with a major mining company would be in the best interests of your company.

Last October Messrs. Hollette & Malloy, the vice-president and the chief geologist of Cerro Corp., New York, accompanied me and our chief geologist on a visit to Saudi Arabia. As a result of that visit, Cerro Corp. is now reviewing the mining laws of Saudi Arabia and the type of contract which may be authorized. We are keeping the situation under constant joint review. We are fortunate to have gained the interest of a company which has such personnel, with an established record and wide experience.

Our interest in Saudi Arabia has attracted the attention of other Middle East interests who are exploring the possibility of our undertaking an exploration programme in their mineral holdings.

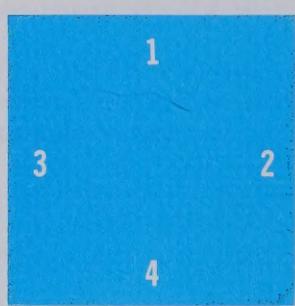
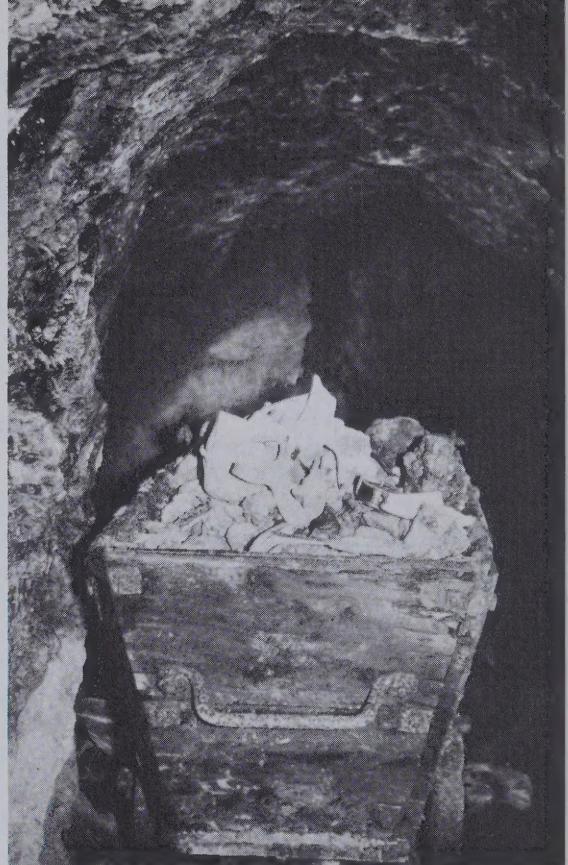
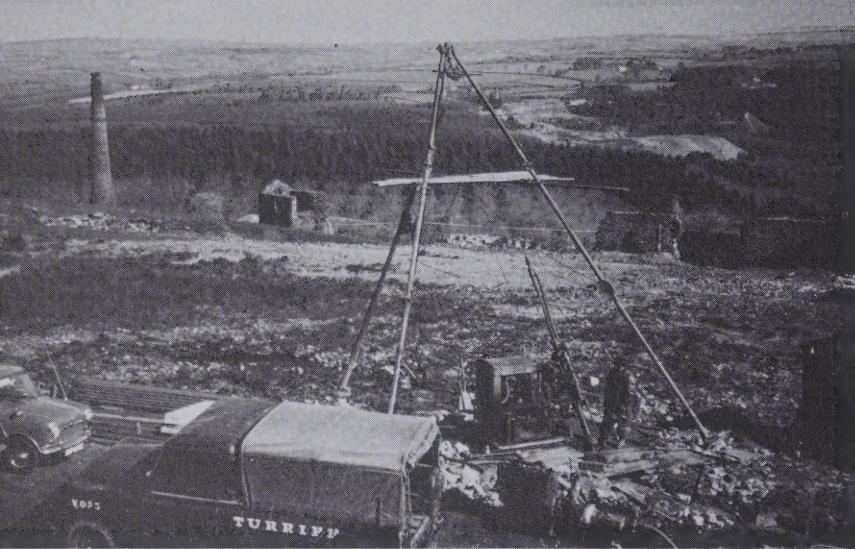
Your company is actively reviewing mineral prospects and searching for opportunities in worldwide exploration.

On behalf of the Board,

STEPHEN KAY,
President.

February 7, 1969.

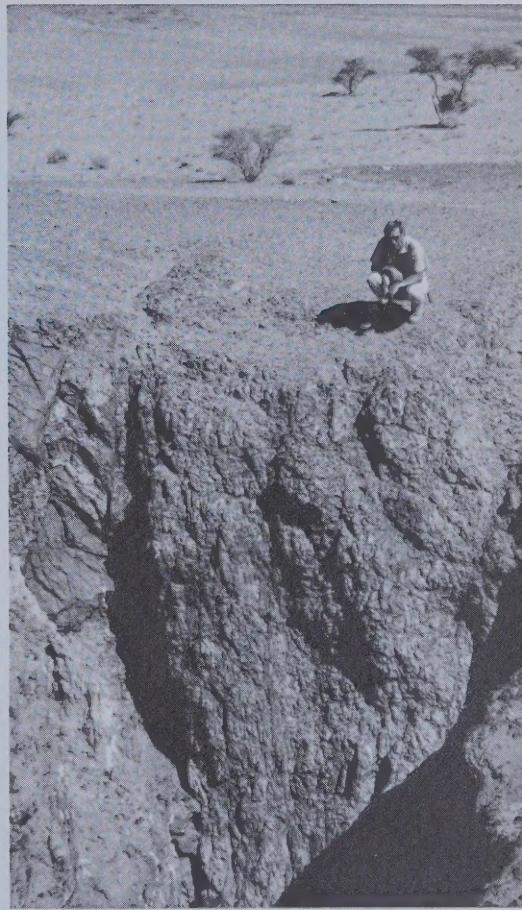
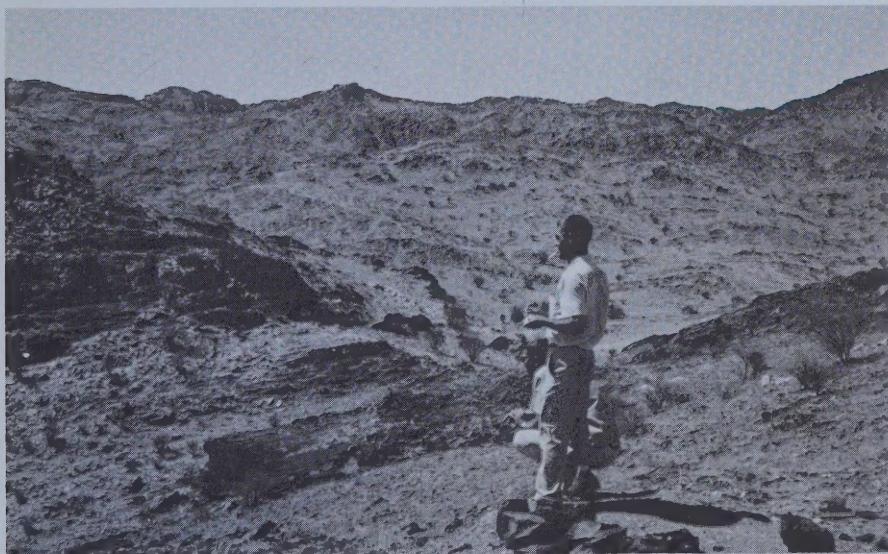
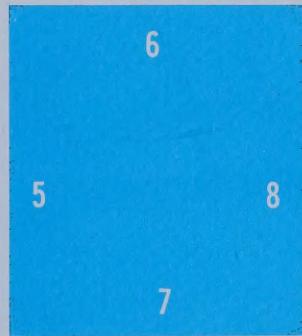
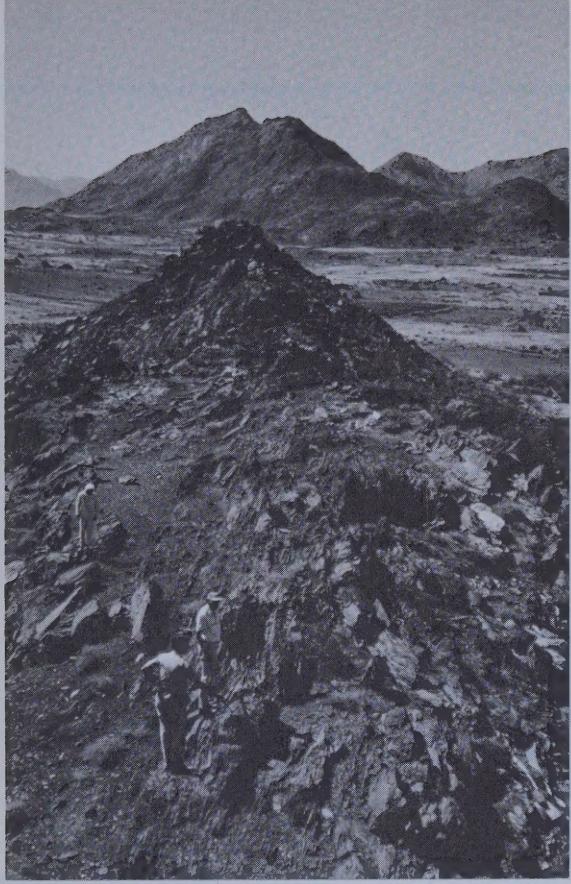




Prado in Cornwall



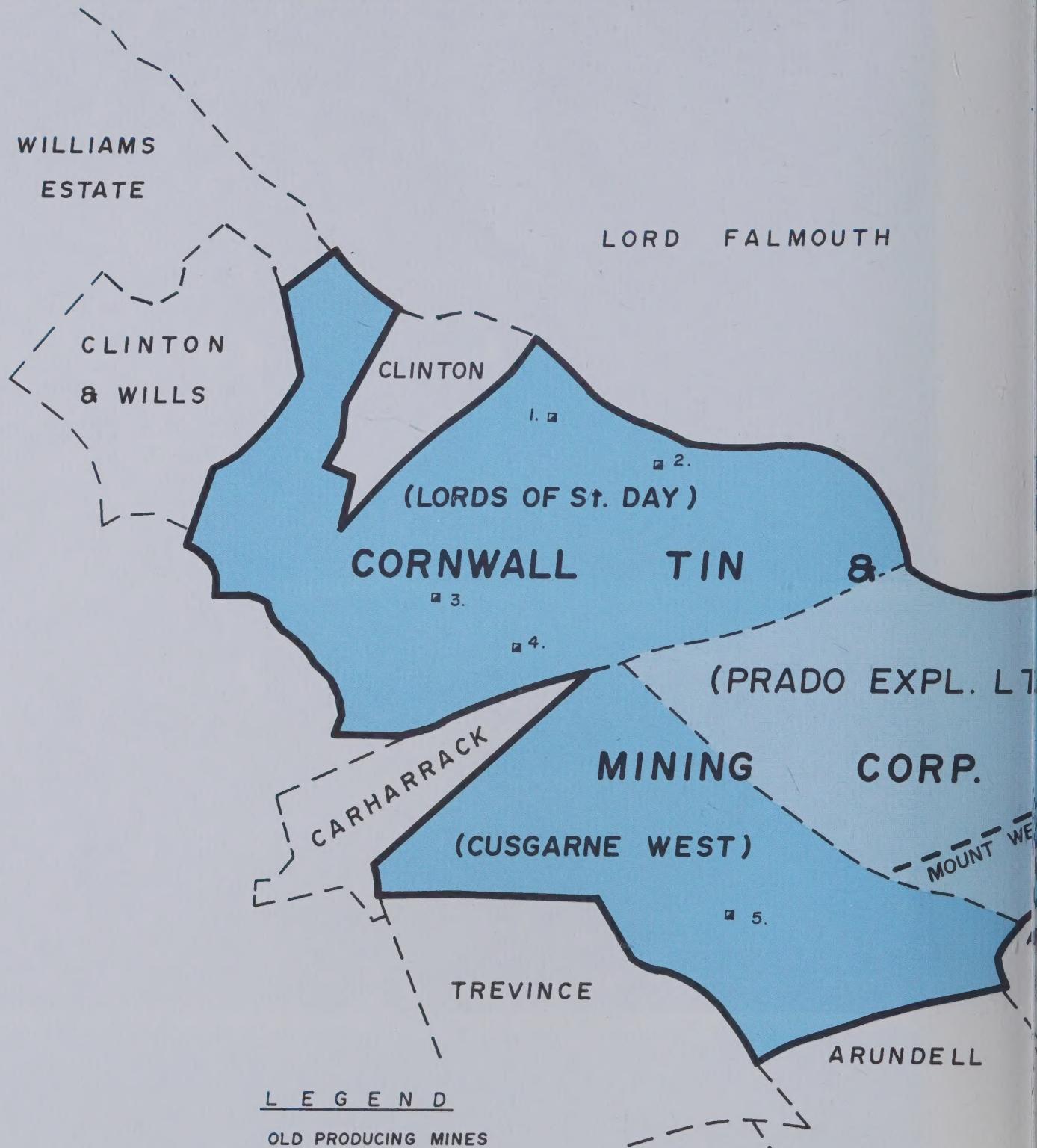
1. Drill-rig above Gunnislake Clitters.
2. Old wooden ore car found in level of F. R. shaft.
3. Crew going underground to explore old workings.
4. General view of Sharptor, one mile north of Minions, Liskeard District.

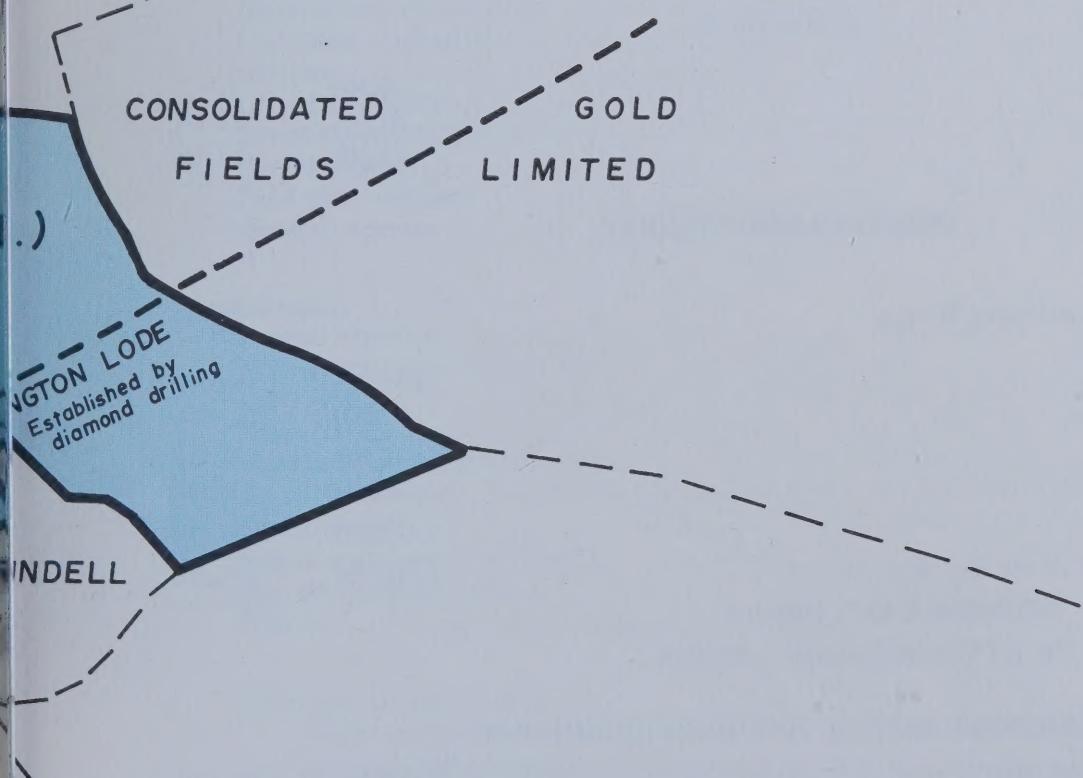


5. Prado and Cerro Corp. personnel prospecting near Jabal Said.
6. Prado's Chief Geologist on Field Trip with Saudi Geologist officials.
7. General view of the terrain.
8. Geologist inspecting copper showing.

Prado in Saudi Arabia







MAP SHOWING PROPOSED HOLDINGS

OF

CORNWALL TIN & MINING CORP.

CORNWALL, ENGLAND

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PRADO EXPLORATIONS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1968

	ASSETS	1968	1967
		\$	\$
Current Assets			
Cash		—	26,248
Short-term notes		1,068,647	472,658
Accounts receivable		26,512	1,438
		<hr/> 1,095,159	<hr/> 500,344
Mining Properties (notes 1 and 3)		1	274,082
Deferred Expenditures (notes 2 and 3)		445,800	138,894
		<hr/> 1,540,960	<hr/> 913,320

	LIABILITIES		
		1968	1967
Current Liabilities			
Bank indebtedness		20,884	—
Accounts payable		47,117	22,350
		<hr/> 68,001	<hr/> 22,350

	SHAREHOLDERS' EQUITY		
		1968	1967
Capital Stock (note 4)			
Authorized—			
3,000,000 shares, par value \$1 each			
Issued and fully paid—			
1,850,005 shares		1,850,005	1,650,005
Premium—net		72,500	(752,500)
		<hr/> 1,922,505	<hr/> 897,505
Deficit		449,546	6,535
		<hr/> 1,472,959	<hr/> 890,970
Signed on behalf of the Board:		<hr/> 1,540,960	<hr/> 913,320

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Prado Explorations Limited as at December 31, 1968 and the statements of deficit, deferred expenditures and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Ontario,
January 28, 1969.

McDonald, Currie & Co.,
Chartered Accountants.



PRADO EXPLORATIONS LIMITED

STATEMENT OF DEFERRED EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1968

	Year ended December 31, 1968	Period ended December 31, 1967 (note 5)
	\$	\$
Balance—Beginning of Year.....	138,894	—
Exploration and Development		
Diamond drilling.....	278,857	—
Labour.....	42,707	29,963
Food and supplies.....	23,860	20,061
Claims expense.....	1,821	4,106
Transportation.....	37,796	33,922
Equipment rental.....	9,677	120
Electromagnetic surveys.....	9,352	26,296
Mapping and engineering.....	4,214	1,274
Consulting engineering.....	10,242	—
Assaying.....	5,757	4,844
Geological reports.....	1,667	—
Telephone and telegraph.....	6,206	1,526
Bank charges.....	431	661
Field office expenses.....	7,448	—
General expenses.....	3,055	80
	443,090	122,853
Administration		
General expenses.....	1,244	417
Management fees and expenses.....	15,000	6,980
Legal fees.....	9,000	3,240
Audit fees.....	2,250	1,075
Telephone and telegraph.....	220	146
Taxes and licenses.....	38	20
Bank charges.....	3,014	548
Registrar and stock certificates.....	2,757	965
Reports to shareholders.....	2,861	2,919
Travel.....	11,548	1,536
	47,932	17,846
Other income and expense—		
Interest earned.....	20,690	1,805
Loss on foreign exchange.....	(5,504)	—
	15,186	1,805
	32,746	16,041
Expenditure for the Period.....	475,836	138,894
	614,730	138,894
Less: Deferred development written-off.....	168,930	—
Balance—End of Year.....	445,800	138,894



PRADO EXPLORATIONS LIMITED

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1968

	Year ended December 31, 1968	Period ended December 31, 1967 (note 5)
	\$	\$
Balance—Beginning of Year.....	6,535	—
Incorporation expenses written off.....	—	6,535
Write down of mining claims to nominal value.....	274,081	—
Deferred development applicable thereto.....	168,930	—
Balance—End of Year.....	<u>449,546</u>	<u>6,535</u>

STATEMENT OF SOURCE AND USE OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968

	Year ended December 31, 1968	Period ended December 31, 1967 (note 5)
	\$	\$
Source of Funds		
Sale of treasury shares.....	1,025,000	635,005
Interest earned.....	20,690	1,805
	<u>1,045,690</u>	<u>636,810</u>
Use of Funds		
Mining claims—staking costs.....	—	8,082
Mining claims—option payment.....	—	3,500
Incorporation expenses.....	—	6,535
Exploration.....	443,090	122,853
Administration and general.....	47,932	17,846
Loss on foreign exchange.....	5,504	—
	<u>496,526</u>	<u>158,816</u>
Increase in Working Capital.....	<u>549,164</u>	<u>477,994</u>
Working Capital—Beginning of Year.....	477,994	—
Increase in working capital.....	549,164	477,994
Working Capital—End of Year.....	<u>1,027,158</u>	<u>477,994</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1968

1. Mining Claims

The company's mining claims are as follows:

- (a) (1) The Oak claim group located in Marsh Lake Area, Whitehorse Mining District, Yukon Territory of which 120 claims were originally purchased for 750,000 fully paid and nonassessable treasury shares of the company at a value attributed by the directors of 35¢ per share.
- (2) The Pine claim group and the Ash claim group located in the Marsh Lake Area, Whitehorse District, Yukon Territory consisting of 33 claims (108 claims originally acquired by staking at a cost of \$5,400).

The above mining claims have been written down to a nominal value of \$1.



(b) By an agreement dated November 10, 1967 between the company and International Mine Services Limited, the company obtained the right to explore and develop a copper-tin mineralization prospect under a prospecting license granted to International Mine Services Limited by the English Mining Rights owners.

The Participation Agreement made between International Mine Services Limited and the company respecting a United Kingdom Prospecting License grants the company the right:

- (1) Upon the expenditure of an aggregate sum of \$100,000 for exploration in the mineral lands to require International Mine Services Limited to exercise its right to obtain a twenty-five year Mining License upon the said mineral lands described therein; and
- (2) Upon the expenditure of an aggregate sum of \$225,000, including the \$100,000 aforesaid, to require International Mine Services Limited to transfer the Mining License to a company to be incorporated and upon such transfer, the company (Prado) to receive 90% of the shares or other consideration to be issued or paid for such Mining License, International Mine Services Limited to receive 10%, all subject to usual and necessary escrow provisions. The United Kingdom Prospecting License covering the East Cusgarne Sett was acquired by International Mine Services Limited at an aggregate cost of approximately \$6,000 in October, 1965 and permission of United Kingdom planning authorities was granted in early 1966 to commence investigations and explorations upon the properties. The Prospecting License may therefore by its terms extend to the spring of 1969.

The company has now spent in excess of the \$225,000 for exploration on the above properties, thus fulfilling its obligation under the above requirement.

Under the terms of an agreement dated January 1, 1969, which the directors have approved subject to the approval of the shareholders, the company has agreed to the transfer of its interest in the Mining License to a new company, Cornwall Tin and Mining Corporation. The consideration to be received for the Mining License, in which Prado has a 90% interest by virtue of the Participation Agreement, will be 1,000,000 shares of Cornwall Tin and Mining Corporation.

2. Exploration

Since commencement of business in June 1967 (note 5), exploration for potential mineral bodies has occurred at the following locations:

	\$
Cornwall, England	323,077
Other overseas exploration	21,131
Canadian properties	101,592
	<u>445,800</u>

3. Values

The amounts shown for mining properties and deferred expenditures represent costs to date less amounts written off and are not intended to reflect present or future values.

4. Capital Stock

Since the incorporation on March 31, 1965, the company has issued the following shares:

	No. of shares	Par value	Premium	Discount	Net
For cash.....	700,005	700,005	—	315,000	385,005
For cash.....	400,000	400,000	875,000	—	1,275,000
For property.....	750,000	750,000	—	487,500	262,500
	<u>1,850,005</u>	<u>1,850,005</u>	<u>875,000</u>	<u>802,500</u>	<u>1,922,505</u>

During 1968 the company issued 200,000 shares for cash in the amount of \$1,025,000.

The company has granted an option to R. Rousseau, a director, to purchase 50,000 treasury shares of the company at a price of \$1 per share, on his acquiring for the company certain overseas mining rights for which the company is presently actively negotiating, the option to expire December 31, 1969.

5. General

The company commenced business in June 1967. During June 1967 application was made for Supplementary Letters Patent authorizing the change of name from Nazha Mines Limited to Prado Explorations Limited with no change in capitalization.





PRADO EXPLORATIONS LIMITED
